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1 September 1954

(855)

From CIA 9/1/54

MEMORANDUM: Mr. Raymond G. Leddy

SUBJECT : Guatemalan Situation

The following information was received from Guatemala City by cable during the night of 31 August.

I. a. CASTILLO Armas called our representative to the Palace apparently to assure him that his government is completely stable, that he completely dominates the army, and has no fears that an uprising can or will take place.

b. CASTILLO appeared very nervous and had a .45 caliber automatic in his belt.

c. CASTILLO stated that he had talked with MONZON and that the latter is willing to resign from the Junta and leave Guatemala on an unofficial mission. CASTILLO said that he is positive that MONZON will cause no trouble and that he would get MONZON's resignation by the end of this week.

d. Mario SANDOVAL, Luis Coronado LIRA, Domingo GONZALEZ, Enrique SALAZAR Iduarte, and other government members do not agree with CASTILLO's estimate of the government stability or MONZON's intentions.

e. Mario SANDOVAL advised that CASTILLO has approved a plan for the organization of a demonstration against MONZON with a view to forcing his resignation. Organizers include Mrs. Enrique NOVELLA, the sister of Mario SANDOVAL, and Ofelia QUIÑONES, the wife of a well-known local lawyer.

II. a. On 30 August the Guatemalan Foreign Ministry cabled the Argentine Government declaring the Argentine Counsellor-Minister GIJENA persona non grata because of his rudeness to Guatemalan officials and because of his undiplomatic protectiveness to Guatemalan citizens taking asylum in the local Argentine Embassy.

b. GIJENA is believed to be a member of the Argentine service rather than a regular diplomat, and has attempted to form PERONISTA groups in Guatemala.

III. a. CASTILLO and Mario SANDOVAL advised that Pedro ESTRADA, Chief of the Venezuelan Seguridad Nacional, will visit Guatemala as soon as he receives authorization from PEREZ Jimenez.

b. The impression was gathered that the visit concerns plans regarding Costa Rica. Our representative suggested to Mario SANDOVAL and Coronado Lira that the Guatemalan Government is facing difficulties

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on the home front and it would be undesirable from all viewpoints to engage in international adventures. Although Costa Rica was not mentioned specifically, SANDOVAL and CORONADO understood.

IV. Jose FALLA Aris, lawyer and manager of the Banco Agricola Mercantil, is planning to travel to Switzerland to obtain a 20 million dollar loan. He reportedly is working directly for MONZON and CASTILLO apparently knows nothing of the loan. FALLA apparently plans to travel around 15 September. (B-3)

V. CASTILLO Armas was informed by an unidentified man from Honduras that 300 men armed by Honduran liberals plan to enter Guatemala to attack the CASTILLO Armas forces at Chiquimula. The date of the planned attack is unknown.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : The Files

DATE: September 1, 1954

FROM : ARA/P - Philip Raine

SUBJECT: Cable to Santiago on Asylee Problem

At ARA staff meeting yesterday comment and clearance of Joint State-USIA message to Santiago (USITO 15 of August 31) was requested. It was the consensus of the meeting that asylum was such a sensitive issue with Latin Americans that public statements, even from a member of the Legislative Branch of our Government, might cause a strong, unfavorable reaction in the area and that we should not therefore do anything to stimulate such statements.

Woodward and Atwood said it would be unwise. Newbegin suggested that more than one legislator might pick up the theme and give it unforeseen twists. Holland said he would go along with the majority view.

In view of the foregoing it was believed no purpose would be served in asking Embassy Santiago for its recommendation on this matter.

cc: USIA:IAA - Mr. Clark
ICP - Mr. Greenup

ARA/P:FWHerron:mwh

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